

February 10, 2006

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Mr. Kevin J. Martin  
Chairman  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC, 20554

Re: Public Comment Letter Endorsing Streamlined Franchise Rules, Competition  
in Broadband Video Services MB Docket No. 05-311

Dear Chairman Martin:

On behalf of the National Grange, I would like to commend the Federal Communications Commission for its Notice of Proposed Rulemaking to reform outdated video franchise regulations. Adoption of this proposal will help ensure that rural consumers benefit from competitive rates for video service, as well as receive access to new and higher quality video programming and interactive services.

The National Grange is the nation's oldest general farm and rural public interest organization. Founded in 1867, today the National Grange has more than 2,800 local, county and State Grange chapters in 37 states. As part of this year's National Grange priority legislative issues document, *Blueprint for Rural America 2006*, the National Grange has made the following policy statement under the heading **Expanding Telecommunications Services in Rural Areas:**

"Universal access to telecommunications technologies such as telephone, cellular, wireless, television, radio, internet, satellite, and cable must be available to rural consumers at affordable costs"

When the Grange was founded in 1867, ordinary farmers and rural Americans were deeply concerned with the issues of competition and the appropriate role of the national, state and local governments to fight the exploitative economic position of monopolies, such as the railroads. As the years passed, as technologies evolved, and as understanding about the fundamental benefits of competition over monopolistic economic structures grew, so have the interests of farmers and thus the National Grange. The American farmer has moved beyond the days of rote opposition to the commercial interests of business. However, the basic questions of the economic value of competition as well as a natural distrust of monopoly are still part of the National Grange's policy development discussions today. To that end today, the Grange is fighting for adequate access to modern communications technologies for farmers and rural Americans as the natural progression in interest to our 140 year history of addressing the real life economic and political needs of farmers and rural Americans..

In the modern arena, many Americans – especially those on farms and smaller communities – get their news and entertainment from television. It is essential, therefore, that we all have a fair and free choice when deciding from whom to get

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video services. In addition, high-speed access to the Internet is vital in keeping rural Americans plugged in and connected with the world. Nothing will speed the deployment of high-speed Internet networks more than offering new applications such as video services called Internet Protocol Television, or IPTV, over those networks.

The National Grange believes that one of the biggest barriers to competition – and, thus, more choice and more widely available broadband – is the existing local franchising process. Where franchises exist today, new entrants to the market must negotiate a separate franchise with each municipality. With more than 33,000 towns and cities across the country, this is a virtually insurmountable obstacle.

Moreover, many municipalities view local franchise agreements as a bonanza and make demands of competitive video service providers that are often unrelated to the provision of video services. These economic demands were seen as justified by local governmental authorities 40 years ago when video service providers were seen as a “natural monopoly.” Today, these demands can amount to an unreasonable refusal to award a competitive franchise.

The National Grange believes that the Commission has the authority under Section 621(a) to prevent such practices and to promote regulatory behavior by local jurisdictions to embrace the entry of competitive video service providers.. This section is intended to reduce barriers to competitive entry caused by the franchising process. In an effort to improve choice, availability and prices for all Americans – most especially those in rural communities – the Grange supports the FCC’s proposed rules to encourage video competition and broadband development.

However, an equally important problem that should be addressed in the proposed rules is the one potentially faced by thousands of smaller rural communities across the nation that are not currently served by landline cable or video service. Many of these communities lack any current regulatory infrastructure to evaluate new video service entrants into the market that can use advanced distribution technologies to serve previously uneconomical rural communities. The FCC’s rulemaking should assure that competitive video service providers, such as telephone, WiMAX and power companies, will be able to provide video service over new fiber and IP-based broadband networks they are deploying without forcing smaller rural communities to adopt outdated video franchising regulatory models.

In the Notice of Proposed Rulemaking, the Commission adopted the following as one of its tentative conclusions

(2) The Commission is empowered by provisions of Title I and Title VI to take steps to ensure that the local franchising process does not serve as an unreasonable barrier to entry.

In implementing this conclusion, the National Grange believes that one route the Commission can take in the final rule is to provide clear guidance and assist smaller, rural communities that do not currently have video service avoid the expense associated with establishing a new, cumbersome local video franchising

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bureaucracy, through the creation of a local regulatory template or model. It is also critical that this template or model for implementing reform of local franchise requirements for competitive video service providers still preserve legitimate state and local authority over rights-of-way, as well as protects the revenue streams associated with traditional video service franchise fees for all communities, whether or not they have existing video franchises or are exploring the possibility of granting competitive video franchises for the first time.

By making these reforms, the FCC will take important steps toward meeting the goal of our Telecommunications Policy Statement to assure that universal access to telecommunications technologies will be available to rural consumers at affordable costs while at the same time promoting competition in the video and broadband market and furthering the national policy goal of widespread broadband deployment.

We at the Grange look forward to working with you and the full Commission to ensure that universal access to fair choices in the video services market will be available to rural customers at fair prices.

Sincerely,

*Leroy Watson*

Leroy Watson , Legislative Director  
National Grange of the Order of Patrons of Husbandry